

## Message Text

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ACTION L-03

INFO OCT-01 ARA-06 ISO-00 TRSE-00 SP-02 EB-07 CIEP-01

COME-00 SS-15 CIAE-00 INR-07 NSAE-00 NSC-05 SSO-00

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FM AMEMBASSY LIMA

TO SECSTATE WASHDC IMMEDIATE 7815

C O N F I D E N T I A L LIMA 9830

EO 11652: GDS

TAGS: EINV, EIND, EMIN, PFOR, PE

SUBJ: MARCONA - DEMARCHE TO FOREIGN MINISTRY

REF: STATE 279549

FOR ARA - AFISHLOW; L - MLEIGHT; EB-TENDERS; TREASURY - JBUSHNELL;  
CIEP - WSHARPE; COMMERCE - DARRILL; S/P - LEINAUDI

1. I MADE DEMARCHE DESCRIBED REFTEL TO FORMIN SECGEN GARCIA BEDOYA AT NOON TODAY. I STRESED THAT USG IS AWAITING GOP PROPOSAL, WHICH EMBASSY WILL BE GLAD TO TRANSMIT IMMEDIATELY TO WASHINGTON, AND NOTED THAT NO PROGRESS WHATSOEVER HAS APPARENTLY BEEN MADE THIS REGARD DURING LAST TWO WEEKS. I ASKED WHEN WE MAY EXPECT TO RECEIVE SUCH A PROPOSAL, OR ANY OTHER RELATED INFORMATION, WHICH I COULD CONVEY TO WASHINGTON.

2. GARCIA BEDOYA LISTENED INTENTLY TO PRESENTATION, AND MADE SEVERAL OBSERVATIONS. HE SAID THAT HE HAD NOT KEPT HIMSELF FULLY INFORMED ON LAST ROUND OF DISCUSSIONS AND HE NOW PROPOSES TO CATCH UP ON THE PROGRESS OF THESE TALKS. HE SAID HE IS FINISHING UP HIS SECGEN ACTIVITIES NOVEMBER 28, AND BEGINNING DECEMBER 1 HE WILL CONCENTRATE ON HIS NEW BILATERAL RESPONSIBILITIES AS AMBASSADOR-DESIGNATE TO WASHINGTON. HE SAID HE WILL JOIN THE PERUVIAN NEGOTIATING TEAM  
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IN FUTURE DISCUSSIONS IN LIMA.

3. GARCIA BEDOYA SAID HE FULLY UNDERSTOOD THAT USG IS EXPECTING AN EARLY RESPONSE FROM GOP REGARDING FURTHER TALKS, INCLUDING PERU'S VIEW AS TO WHAT SUBSTANTIVE CONTENT SHOULD BE COVERED IN THESE TALKS. HE SPECIFICALLY DECLINED TO SAY THAT PERU WOULD MAKE "A PROPOSAL", BUT HE EXPECTED "AN ANSWER" REGARDING THE PROJECTED TALKS WOULD BE GIVEN FAIRLY SHORTLY TO USG. HE SUGGESTED THAT IN THE MEETING IN WASHINGTON WITH MINCOMMERCE ARIAS GRAZIANI IT WOULD BE USEFUL FOR SENIOR USG OFFICIALS TO EMPHASIZE THE NEED FOR PROMPT RESUMPTION OF THE TALKS SO THAT ARIAS ALSO CAN BRING THIS WORD WHEN HE RETURNS TO LIMA DECEMBER 3. I SAID I BELIEVED THIS MESSAGE WOULD BE CONVEYED TO ARIAS.

GARCIA BEDOYA SUGGESTED THAT ONCE ARIAS HAS THIS MESSAGE (ALTHOUGH HE ACKNOWLEDGED THAT ARIAS IS NOT AUTHORIZED TO ENTER INTO "NEGOTIATIONS" ON MARCONA) HE WOULD BE BETTER PREPARED TO DISCUSS MARCONA ISSUES WITH HIS CABINET COLLEAGUES, AND "AN ANSWER" COULD BE SENT PERHAPS AS EARLY AS DECEMBER 5 BY THE GOP TO WASHINGTON. HE SAID THAT, AFTER ALL, IRON ORE SALES FALL WITHIN ARIAS' JURISDICTION AND HE HAS A REAL STAKE IN GETTING MARCONA ISSUES RESOLVED.

4. GARCIA BEDOYA ALSO AGREED TO GET IN TOUCH WITH ME NO LATER THAN DECEMBER 9 TO LET ME KNOW HOW HE CONCLUDES NEGOTIATIONS ARE GOING. HE DID SAY THAT THE MAIN PURPOSE OF NEXT ROUND OF TALKS WOULD LIKELY BE TO CONCLUDE AN INTERIM ARRANGEMENT, AND HE COMMENTED WITHOUT ELUCIDATION THAT HAD BE BEEN INVOLVED HE "WOULD HAVE HANDLED THE PROJECTED MINPECO LETTER DIFFERENTLY" SO AS TO AVOID THE POLITICAL PROBLEMS WHICH OCCURRED WHEN THIS SUBJECT WAS CONSIDERED AT THE CABINET LEVEL. WHEN I TRIED TO DRAW HIM OUT ON WHAT HE MEANT, HE SAID HE WOULD HAVE TO GET BETTER INFORMED ON THE STATUS OF NEGOTIATIONS BEFORE HE COULD GIVE A USEFUL ANSWER. I ALSO EMPHASIZED THAT WHETHER OR NOT THERE IS A ROLE FOR MARCONA TO PLAY IN AN INTERIM ARRANGEMENT REMAINS ENTIRELY UP TO THE GOP; WE ARE ONLY ASKING THAT A FAIR SETTLEMENT BE REACHED, AND REACHED PROMPTLY, ON COMPENSATION ISSUE.

5. DURING CONVERSATION I MENTIONED THAT IDB EXECUTIVE DIRECTOR PRUGUE WAS REPORTEDLY HERE IN LIMA. GARCIA BEDOYA  
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CONFIRMED THIS AND SAID HE WOULD BE MEETING WITH PRUGUE LATER TODAY. HE SAID THE SUBJECT WOULD BE THE LOAN APPLICATIONS PERU HAS PENDING BEFORE THE IDB, INCLUDING AN IRRIGATION LOAN FOR ECUADOR-PERU BORDER AREA. I REMIND GARCIA BEDOYA OF GOP COMMITMENT NOT TO SEEK VOTES IN IFI'S WHILE NEGOTIATIONS ARE GOING ON. I ALSO REPEATED THAT TIME PRESSURES ARE WORKING ON BOTH GOVERNMENTS, AS IN THE CASE OF PERU'S GSP ELIGIBILITY. HE SAID HE UNDERSTOOD THESE POINTS, BUT DID NOT COMMENT FURTHER.

6. I ASKED HIM ABOUT AMB. DE LA PUENTE'S SITUATION, IN TERMS OF WHETHER THE LATTER WOULD CONTINUE TO HEAD UP THE NEGOTIATING TEAM OR MIGHT BE ASSIGNED TO SOME OTHER TASKS. GRACIA BEDOYA SAID THAT DE LA PUENTE WILL CONTINUE TO HEAD UP THE TEAM, AND HE HIMSELF WILL BE IN TOUCH WITH DE LA PUENTE TODAY AS A PART OF HIS GETTING READ INTO THE DETAILS OF THE MARCONA NEGOTIATIONS. GRACIA BEDOYA ADDED THAT WHEN THE FISHLOW DELEGATION RETURNS HE IS CONFIDENT THAT NOT ONLY DE LA PUENTE'S TEAM BUT ALSO CABINET-LEVEL OFFICIALS WILL BE GLAD TO RECEIVE THE USG GROUP AND CONTINUE TALKS ON ALL MARCONA ISSUES.

7. COMMENT: AS FAR AS I CAN JUDGE, GARCIA BEDOYA IS NOT YET UP TO DATE ON THE DETAILED STATUS OF MARCONA NEGOTIATIONS. I BELIEVE HIS INTENTION TO GET BETTER INFORMED AND TO PARTICIPATE IN THE GOP NEGOTIATING TEAM CAN ONLY BE HELPFUL AS AND WHEN THE NEXT ROUND OF TALKS TAKES PLACE. APPARENTLY DE LA PUENTE IS STILL IN THE PICTURE; INDEED, GRACIA BEDOYA SAID THAT THE FISHLOW-DE LA PUENTE TELCON ON NOVEMBER 14 DISCUSSING A POSSIBLE DE LA PUENTE VISIT TO WASHINGTON WAS ONLY "INFORMAL" AND DID NOT CONSTITUTE A COMMITMENT BY GOP TO SEND A SENIOR OFFICIAL TO CONTINUE TALKS. GRACIA BEDOYA SEEMS TO UNDERSTAND CLEARLY THAT A POLITICAL-LEVEL DECISION ON PART OF GOP IS REQUIRED, BUT HE OFFERED NO SUGGESTION AS TO HOW TO OBTAIN ONE. IT IS CERTAINLY NOT HELPFUL THAT THE GOP (AS FAR AS THE POLITICAL -LEVEL GOP VIEWS ARE KNOWN TO AND FAITHFULLY DESCRIBED BY GRACIA BEDOYA) IS MERELY THINKING OF "AN ANSWER" RATHER THAN "A PROPOSAL." HOPEFULLY IT WILL BE POSSIBLE FOR SENIOR DEPARTMENT OFFICERS TO DISCUSS MARCONA ISSUES WITH ARIAS GRAZIANI NEXT TUESDAY (ARRANGEMENTS FOR MEETING ARE SUPPOSEDLY BEING MADE BY PERUVIAN CHARGE RAMOS). FONMIN DE LA FLOR REMAINS OUT OF THE COUNTRY THROUGH LATE  
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TOMORROW (HE IS IN LA PAZ FOR BILATERAL TALKS), BUT I HAVE NO DOUBT THAT GRACIA BEDOYA WILL PASS THIS USG MESSAGE ON TO DE LA FLOR AND OTHERS IN GOP CONCERNED WITH MARCONA NEGOTIATIONS.  
BARNEBEY

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